

**INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.
INTERROGATORIES
NATURAL RESOURCES GAS LTD.**

Issue 1

1. Is there any reason, based on the following factors, that the standard terms and conditions in the Model Franchise Agreement should not be used in this case?
 - a) regulatory compliance by Natural Resources Gas Limited (NRG); and
 - b) NRG's security deposit policy

IGPC Interrogatory # 1

Preamble:

Section 2.1 of the Model Franchise Agreement provides for provision of gas service to distribute, store or transmit within the Municipality and such rights are provided without regard to ensuring compliance with applicable laws. Further, in the past NRG has sought exemptions from GDAR, Board proceeding EB-2010-0024 and does not have a website for customers to access. The electricity industry requires annual certifications to be filed with the Board. In a past Board proceeding, EB-2008-0413, it was noted that NRG did not make the filings as required by the Board in the following quotation:

“The Board’s concerns are only heightened by NRG’s pattern of non-disclosure. The reports the utility is required to file with the Board were months late. The rate application has been delayed. In these circumstances the Board believes it is not in the public interest to renew this franchise agreement for a term greater than the three years proposed by the Town of Aylmer.”

The October 17, 2011 letter (included in the Application, but not identified with an Exhibit, Tab, Schedule) references the fact that there are “no unusual or exceptional circumstances” at that time. IGPC wants to understand whether such circumstances exist.

References:

- Application, October 17, 2011 Letter.
- Application, Model Franchise Agreement, section 2.1
- EB-2008-0413, Decision and Order, page 13.
- EB-2006-00243, EB-2010-0048

Questions:

- a) Has NRG complied with and is it in compliance with the requirements of:
 - i. *Ontario Energy Board Act, 1998*?
 - ii. the *Gas Distribution Access Rule*?
 - iii. Orders or directions or filing requirements of the Board?

If not, please identify with specific details where it has failed to comply?

- b) Would NRG be willing to provide an annual certification as to its compliance with its regulatory obligations, similar to that used in the electricity industry?
- c) Has NRG refused to provide or been unable to provide gas distribution service to customers or potential customers within the Town of Aylmer during the past 2 years?
- d) Does NRG provide natural gas usage information to direct purchase customers, or their representatives, on a daily basis? weekly basis?
- e) Does NRG provide balancing reports to direct purchase customers as provided for in the Bundle T Service Receipt Agreement? In the Bundled T Service Agreement with IGPC this is section 6.03.

ISSUE 2

- 2. What conditions of approval, if any, are to be attached to Board's order, if the Board approves the application?**

IGPC Interrogatory #2

Preamble:

NRG has indicated that its ownership structure is unique, being the Wilsher Trust (the "Trust"), and so it is unlike other utilities in the province. The operation of the Trust and thereby NRG is subject to the decisions of the Trustees.

References:

- EB-2010-0018, Exhibit A1, Tab 3, Schedule 1 (Organizational Chart)

Question:

- a) Please provide a copy of the Trust document?
- b) Can the beneficiaries collapse the Trust?
- c) How does NRG ensure the continued separation of NRG from the related entities, such as NRG Corp., from whom it purchases natural gas?
- d) Would NRG object to a condition that obligated it to inform the Board and the Town in the event there is a change in the Trustees? If so, why?
- e) Would NRG object to a condition of approval requiring NRG to provide annual statements or certification to the municipality regarding its compliance with the regulatory requirements during the prior year?

ISSUE 3

3. If the Board approves the application, what is the appropriate term for the Board's order?

IGPC Interrogatory #3

Preamble:

NRG has indicated that its ownership structure is unique, being the Wilsher Trust (the "Trust"), and so it is unlike other utilities in the province. IGPC understood from prior proceedings that the health of the trustees may be an issue. We understand the Town of Aylmer and NRG have been in discussions regarding the length of the renewal with NRG seeking a 20 year franchise renewal.

In prior proceedings length of extension sought was related to the expiry of neighbouring franchises.

References:

- EB-2010-0018, Exhibit A1, Tab 3, Schedule 1 (Organizational Chart)
- EB-2010-0018, Phase II supply to NRG's franchised territories.
- E.B.A. 362, section 11 of the franchise agreement provided a 30 year term.

Question:

- a) Is there any obligation for the Trust to be wound up during the requested term of the franchise agreement?
- b) Is there a succession plan for the trustees that administer the Trust? If so, please provide the plan or specific details of such plan. If there is no succession plan please provide reason for not developing such a plan.
- c) Is NRG involved in any significant lawsuits, claims, actions or applications or similar proceedings? Please provide copies of statement of claims, applications or similar document and status of such action, proceeding.
- d) Are all other franchise agreements to which NRG is a party in effect and in good standing?
- e) Please provide list of the expiring franchise agreements and the date of expiration?
- f) Excluding general industry reliability issues, are there any circumstances (financial or otherwise) which pose a risk to the reliability of gas service within the franchise area within the proposed franchise renewal term? If so, what are the risks and what is being done to mitigate such risks?

ISSUE 4

4. If the Board does not approve the application, what are the implications?

IGPC Interrogatory #4

Preamble:

Based upon Issue (1) and (2) dealing with a renewal of some sort but potentially upon different conditions, IGPC understands this to mean the Board decides to not renew the Franchise Agreement. The Model Franchise Agreement provides rights around decommissioning and removal of the system. IGPC has assumed the Board would make the necessary orders to ensure the continued supply of natural gas to the residents and businesses within the Town of Aylmer.

References:

- Model Franchise Agreement, section 4.3 and 4.4.
- Submissions of NRG to the Issues list.

Question:

- a) Does NRG agree the Board has the jurisdiction to not renew the franchise? If not, why not?
- b) If the Board does not approve the application, does the Board have the jurisdiction to make orders to require NRG to continue to provide service until an alternate service provider is put in place?
- c) Can the NRG distribution system within the Town of Aylmer be separated from NRG distribution system within neighbouring franchises?
- d) If the application is denied, what period of time would NRG require to transition out of supplying distribution services in the Town of Aylmer? What assumptions is this premised upon?
- e) What activities would need to be undertaken by NRG in such a situation?
- f) Has NRG generated any reports or contingency plans regarding such an event? If so, please provide.

ISSUE 5

Issue:

5. Who should bear the costs of this proceeding?

IGPC Interrogatory #5

Preamble:

The Applicant identified this as an issue.

Exhibit A, Tab 3 provides a list of exchanges between the Town of Aylmer and NRG as part of the negotiations process. In EB-2010-0018 there were values provided in the audited financial statements and in Net Property Plant and Equipments statements (for example Exhibit B5, Tab 3, Schedule 4) for Franchises and Consents. We would assume that negotiations are not encompassed as part of the application cost as, if successful, the negotiations would have avoided the need for the application.

Also, IGPC wishes to understand whether such costs will be recovered from ratepayers in subsequent proceedings.

References:

Exhibit A, Tab 3
EB-2010-0018 (for example Exhibit B5, Tab 3, Schedule 4) for Franchises and Consents

Question

- a) What are the current costs of this proceeding for which NRG may seek reimbursement?
- b) What are the estimated costs for the remainder of this proceeding for which NRG may seek reimbursement?
- c) Please confirm whether such costs in (a) or (b) include the costs regarding negotiations with the Town of Aylmer.
- d) Would the some or all costs of the hearing be included in rates to be charged by NRG? If NRG was ordered to pay the costs of other parties would such costs also be included in rates?